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SUBJECT: SCENESETTER FOR PRIME MINISTER MALIKI'S VISIT TO
WASHINGTON

Classified By: Ambassador Zalmay Khalilzad for Reasons 1.4 (b) and (d).

11. (S) Introduction and Summary: Two months into his tenure as Iraq's first permanent Prime Minister since liberation, Nuri Kamel Maliki has staked his reputation and political future on improving the security situation, providing basic services, and rebuilding the Iraqi economy. Although he faces any number of challenges, not the least of which are uncooperative neighbors and a weak governing coalition, he is willing to make difficult choices and so far has been open to defining the new Iraq in promising ways. He announced a national reconciliation plan aimed at resolving conflicts among Iraq's multiethnic/multisectarian communities and an economic program that if adopted would up-end decades of socialist-style economic planning and policies. His visit to Washington and London will be his first appearance on the world stage. He needs to emerge from this experience as Iraq's leader - a man who has a powerful ally in Washington but who is himself charting the future course of his country. U.S. support for him personally as well as unambiguous commitments on U.S. support for Iraq's security will be major deliverables for him. The Ambassador will continue to work with the Prime Minister to refine his message in the U.S. End Summary.

Two months on the Job

12. (S) Nuri Kamel Maliki was no one's first choice to be Prime Minister of Iraq. He emerged from the long, bruising government formation process as the only candidate minimally acceptable to all. His cabinet derived from the same process, leaving him with a unity government of untested loyalty and, in some cases, limited competence and experience. Although theoretically beholden to the Shia Coalition, he has shown a degree of independence; he has developed a constructive relationship with the Presidency Council and used them to provide cross-sectarian cover for his more far-reaching initiatives such as his national reconciliation process and economic reform agenda. Achieving his goals will depend on making the organizationally-challenged Iraqi government respond to his priorities or finding other ways to compensate for the government's deficiencies. His delay in identifying energetic, competent, and loyal staff and the tortuously slow appointment process continues to undermine his ability to follow through on the commitments he has made. Regionally, he has gotten off to a good start, visiting Saudi Arabia, Kuwait, and the UAE earlier this month, and stopping in Jordan on the way back from the U.S. He has yet to visit Tehran, which itself reflects his desire to establish his independence from Iran.

Security and National Reconciliation

13. (S) From day one, Maliki has stressed the need to get control of Iraq's security situation, particularly deteriorating conditions in Baghdad and Basrah. He understands that nothing is more important than restoring law and order. His visit to Basrah, announcement of the Baghdad Security Plan, and even his National Reconciliation speech all focused on addressing both the violence itself as well as underlying grievances that fuel it. Not surprisingly, the Prime Minister has been frustrated with the slow progress and occasionally conflicted about how to proceed. Over the past two months, he has grown increasingly convinced of the negative role Iran plays in Iraq, particularly in Basrah and the south, concluding that the Iranians may be trying to bring down his government. He rightly has focused on the need for capable and responsive Iraqi security forces and currently believes that his forces are inadequate to the task--in number, quality, and equipment. He has never wavered in his determination to eradicate terrorism and Sunni extremism from Iraq, but he has been less sure of what to do about largely Shia militias. He also seems unclear on the magnitude of the problem posed by Shia militias, particularly in the context of the current security situation in Baghdad. He has approved targeting some Jaysh Al Mahdi leaders, but remains cautious about a broad challenge to the Sadrists and JAM overall.

Points to Stress:

14. (S) Although hesitant at first, he is onboard with establishing a Joint Committee for Achieving Iraqi Security Self-Reliance. We recommend that any public U.S. reference to this process be coupled with a restatement of the

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President's firm commitment to keep U.S. troops in Iraq until Iraqi troops are fully capable on their own.

15. (S) Maliki should be encouraged to stand up to the militias and illegal armed groups. The credibility of the government's security efforts depends on pursuing all sources of violent activity, regardless of whether they come from the Sunni insurgency or Shia groups.

16. (S) The National Reconciliation process needs Prime Ministerial attention, government resources, and a genuine action plan. Although the High Commission on National Dialogue and Reconciliation will convene before the visit, He should be encouraged to accelerate implementation of the plan. The process could founder in a sea of goodwill inadequate resources, and poor staffing. The Mission is ready to help, and we believe the UN could also be persuaded to facilitate and support the process.

17. (S) The Prime Minister could benefit from intelligence briefings on Syria and Iran. However, in policy discussions, he needs to hear that the U.S. will not attempt to draw Iraq into its differences with Iran and that the U.S. does not object to normal diplomatic and commercial relations with Iran.

Economic Reform and the International Compact

18. (S) The Prime Minister moved quickly to get the UN Secretary General to agree that the UN would co-sponsor an

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International Compact for Iraq. Prior to that he also announced an agenda for economic reform that promises to open the Iraqi economy, including the energy industry, to the private sector and foreign direct investment. He has relied heavily on the energy and competence of Deputy Prime Minister Barham Salih, but will need to overcome resistance in a

secularly divided and nationalistic legislature to make his reform plans a reality, as well as a great deal of technical and financial support from the U.S., the IFIs, and other donor countries, particularly GCC states, to get Iraq's economy back on its feet. His government has removed incentives to corruption by reducing fuel subsidies and in proposing to open fuel imports to market practices, an enormously important step for this very statist economy. Iraq needs to do more to eliminate corrupting economic influences such as State Owned Enterprises which survive only by virtue of subsidization, state orders, padded payrolls and ingenious book keeping. The Prime Minister has made fighting corruption a major goal of his government, but Iraq still ranks poorly on international corruption indices. Iraq has a robust set of anti-corruption institutions at hand, but they must be employed in an effective, but impartial manner. The presence of the Ministers of Oil, Planning, and Electricity in the Prime Minister's delegation should allow for interaction with both government counterparts and private sector representatives. It will be important for the Iraqi delegation to hear what sort of business climate the international business community requires before it will invest capital.

Points to Stress:

¶9. (S) On corruption, the Prime Minister should be encouraged to move more quickly against corruption and to use his anti-corruption tools more effectively. Failure to act on this issue discourages the international business community from doing business in Iraq, regardless of security concerns.

¶10. (S) Public support for the goals of the International Compact as well as delineation of targeted U.S. assistance (unobligated IRRF funds, the FY06 supplemental, and the FY07 budget request) will be important for the Iraqis to hear. Privately, we should assure them that the U.S. will continue to seek appropriate levels of bilateral economic assistance for Iraq, particularly as U.S. military presence declines. Likewise, the Prime Minister will welcome whatever the U.S. could do to encourage the GCC states to accelerate their promised support for his government.

¶11. (S) In order to push ahead on WTO accession, the U.S. should emphasize the need for Iraq to finally ratify in parliament the Trade and Investment Framework Agreement (TIFA) negotiated under the auspices of the Joint Commission on Economic Reconstruction and Development (JCRED). And as a vote of confidence in the future of Iraq's economy, the U.S. should be prepared to begin negotiation of a Bilateral Investment Treaty (BIT) with Iraq.

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Human Rights, Democracy, and the Rule of Law

¶12. (S) Maliki continues to profess his commitment to human rights, the rule of law, and democracy in Iraq and we have no reason to doubt his sincerity. The competing urgent priorities he must handle may have forced some of these issues into second place. An announcement of USG intent to seek multi-year funding for democracy programs in Iraq will draw constructive attention to the ongoing need to develop Iraq's still fragile representative system of government. Privately, the Prime Minister should be urged to follow through on investigation, prosecution, and punishment of both major human rights abusers and corrupt officials still on the payroll of various ministries, and specifically the Ministry of Interior. Maliki has a talented and savvy Human Rights Minister in his delegation; we urge the Department to find suitable opportunities to introduce her to the human rights and women's NGO community. Maliki may in private express his concern about the Mahmoudiya and Haditha incidents and ask that Iraq be allowed to participate in the investigation and

trials.

Points to Stress:

¶13. (S) In private, Maliki and his Human Rights Minister should hear the importance of moving forward on the prosecution and punishment of those involved in the most egregious human rights abuses, particularly Ministry of Interior officials involved in Site 4 torture of detainees.

¶14. (S) Public attention should be drawn to ongoing U.S. support for democracy in Iraq and pledges to seek funding for the future.

Getting His Message Right

¶15. (S) Maliki understands that his task in the United States is to convince the American people that their sacrifices are appreciated and that the United States is making a good investment in the future of Iraq. He walks a fine line politically in this area given Iraqi sensibilities about sovereignty issues, particularly in the emotional wake of the revelations of the alleged rape/murder of a young Iraqi girl and murder of her family by U.S. soldiers. Care will be needed in managing perceptions of his and Iraq's independence, for if his visit generates the perception of American dominance it will negate any gains that could be had from major deliverables. The Ambassador will continue to consult with him in advance of his trip to assure that his message is clear and hits the right tone.
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